

AMENDED IN SENATE APRIL 28, 1999

AMENDED IN SENATE MARCH 15, 1999

SENATE BILL

No. 329

Introduced by Senator Peace
(Coauthor: Senator Rainey)

February 8, 1999

An act to amend Section 100 of, and to add Section 100.02 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 329, as amended, Peace. Property taxation: electric facilities: local assessment.

The California Constitution requires the State Board of Equalization to annually assess the property, other than franchises, of a company transmitting or selling gas or electricity. Existing property tax law provides for the allocation of the assessed value of this property among the counties, the application to those assessed values of tax rates determined in accordance with certain formulas, and the allocation within each county of the revenues derived from the application of those rates in a manner separate and distinct from the manner in which county-collected property tax revenues are required to be allocated.

This bill would, for the 1999–2000 fiscal year and each fiscal year thereafter, apply the annual allocation requirements applicable to county-collected property tax revenues to those incremental property tax revenues, as defined, derived from the application of a tax rate determined under current law to

those electrical general facilities purchased—~~or~~, *newly* constructed, *or repowered* by a company that ~~sells~~ *intends to sell* electricity. By imposing new duties upon local officials in the allocation of tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 100 of the Revenue and Taxation
2 Code is amended to read:

3 100. Notwithstanding any other provision of law,
4 commencing with the 1988–89 fiscal year, property tax
5 assessed value attributable to unitary and operating
6 nonunitary property, as defined in Sections 723 and 723.1,
7 that is assessed by the State Board of Equalization shall be
8 allocated by county as provided in Section 756, and the
9 assessed value and revenues attributable to that
10 allocation shall be allocated within each county as follows:

11 (a) Each county shall establish one countywide tax
12 rate area. The assessed value of all unitary and operating
13 nonunitary property shall be assigned to this tax rate area.
14 No other property shall be assigned to this tax rate area.

15 (b) Property assigned to the tax rate area created by
16 subdivision (a) shall be taxed at a rate equal to the sum
17 of the following two rates:

18 (1) A rate determined by dividing the county's total ad
19 valorem tax levies for the secured roll, including levies
20 made pursuant to Section 96.8, for the prior year,
21 exclusive of levies for debt service, by the county's total
22 ad valorem secured roll assessed value for the prior year.

23 (2) A rate determined as follows:



1 (A) By dividing the county's total ad valorem tax levies
2 for unitary and operating nonunitary property for the
3 prior year debt service only by the county's total unitary
4 and operating nonunitary assessed value for the prior
5 year.

6 (B) Beginning with the 1989–90 fiscal year, adjusting
7 the rate determined pursuant to subparagraph (A) by the
8 percentage change between the two preceding fiscal
9 years in the county's ad valorem debt service levy for the
10 secured roll, not including unitary and operating
11 nonunitary debt service.

12 (c) Except as provided in Section 100.02 with respect
13 to revenues derived from the taxation of ~~qualified~~
14 *designated* electric generation facilities as defined in that
15 section, the property tax revenue derived from the
16 assessed value assigned to the countywide tax rate area
17 pursuant to subdivision (a) by the use of the tax rate
18 determined in paragraph (1) of subdivision (b) shall be
19 allocated as follows:

20 (1) For the 1988–89 fiscal year and each fiscal year
21 thereafter, each taxing jurisdiction shall be allocated an
22 amount of property tax revenue equal to 102 percent of
23 the amount of the aggregate property tax revenue it
24 received from all unitary and operating nonunitary
25 property in the prior fiscal year, exclusive of revenue
26 attributable to levies for debt service.

27 (2) If the amount of property tax revenue available for
28 allocation in the current fiscal year is insufficient to make
29 the allocations required by paragraph (1), the amount of
30 revenue to be allocated to each taxing jurisdiction shall be
31 prorated based on a factor determined by dividing the
32 total amount of property tax revenue available to all
33 taxing jurisdictions from unitary and operating
34 nonunitary property in the current year, exclusive of
35 revenue attributable to levies for debt service, by the
36 total amount of property tax revenue received by all
37 taxing jurisdictions from unitary and operating
38 nonunitary property in the prior fiscal year, exclusive of
39 revenue attributable to levies for debt service.



1 (3) If the amount of property tax revenue available for
2 allocation to all taxing jurisdictions in the current fiscal
3 year from unitary and operating nonunitary property,
4 exclusive of revenue attributable to levies for debt
5 service, exceeds 102 percent of the property tax revenue
6 received by all taxing jurisdictions from all unitary and
7 operating nonunitary property in the prior fiscal year,
8 exclusive of revenue attributable to levies for debt
9 service, the amount of revenue in excess of 102 percent
10 shall be allocated to all taxing jurisdictions in the county
11 by a ratio determined by dividing each taxing
12 jurisdiction's share of the county's total ad valorem tax
13 levies for the secured roll for the prior year, exclusive of
14 levies for debt service, by the county's total ad valorem
15 tax levies for the secured roll for the prior year, exclusive
16 of levies for debt service.

17 (d) The property tax revenue derived from the
18 assessed value assigned to the countywide tax rate area
19 pursuant to subdivision (a) by the use of the tax rate
20 determined in paragraph (2) of subdivision (b) shall be
21 allocated as follows:

22 (1) An amount shall be computed for each taxing
23 jurisdiction and shall be determined by multiplying the
24 amounts required in the current year pursuant to
25 subdivisions (a) and (c) of Section 93 by that percentage
26 that shall be determined by dividing the amount of
27 property tax revenue the jurisdiction received in the
28 prior year from unitary property and operating
29 nonunitary property by the total amount of property tax
30 revenue the jurisdiction received in the prior year from
31 all property.

32 (2) The amount of property tax revenue available for
33 allocation pursuant to this subdivision shall be allocated
34 among taxing jurisdictions in the proportion that the
35 amount computed for each taxing jurisdiction pursuant to
36 paragraph (1) bears to the total amount computed
37 pursuant to paragraph (1) for all taxing jurisdictions.

38 (3) If a taxing jurisdiction is levying a tax rate for debt
39 service for the first time in the current fiscal year, for
40 purposes of determining the percentage specified in

1 paragraph (1), that percentage shall be the percentage
2 determined by dividing the amount of property tax
3 revenue received by that taxing jurisdiction in the prior
4 year pursuant to subdivision (c) from unitary and
5 operating nonunitary property by the total amount of
6 property tax revenue received by that taxing jurisdiction
7 in the prior year from all property within the taxing
8 jurisdiction.

9 (e) For purposes of this section:

10 (1) “The county’s total ad valorem tax levies for the
11 secured roll” means all ad valorem tax levies for the
12 county’s secured roll, including the general tax levy,
13 levies for debt service (including land only and land and
14 improvement rates), and levies for redevelopment
15 agencies.

16 (2) “The county’s total ad valorem secured roll”
17 means the county’s local roll, after all exemptions except
18 the homeowner’s exemption, and the county’s utility roll.

19 (3) “Taxing jurisdiction” includes a redevelopment
20 agency.

21 (4) In a county of the second class, for the 1992–93 fiscal
22 year and each fiscal year thereafter, “taxing jurisdiction”
23 includes that fund that has been designated by the
24 auditor as the “Unallocated Residual Public Utility Tax
25 Fund.” All revenues allocated to that fund pursuant to
26 this section shall be deposited in that fund and shall be
27 distributed as follows:

28 (A) For the 1992–93 fiscal year to the 1996–97 fiscal
29 year, inclusive, at the discretion of the county board of
30 supervisors.

31 (B) For the 1997–98 fiscal year, 100 percent to the
32 Orange County Fire Authority.

33 (C) For the 1998–99 fiscal year and each fiscal year
34 thereafter, in accordance with the following schedule:

35 (i) Fifty-seven and forty-seven hundredths percent to
36 the Orange County Fire Authority.

37 (ii) Forty-one and forty-seven hundredths percent to
38 the Orange County Library District.

39 (iii) Forty-eight hundredths percent to the Buena
40 Park Library District.

1 (iv) Fifty-eight hundredths percent to the Placentia
2 Library District.

3 (f) The assessed value of the unitary and operating
4 nonunitary property shall be kept separate for each state
5 assessee throughout the allocation process.

6 (g) Each state assessee shall be issued only one tax bill
7 for all unitary and operating nonunitary property within
8 the county.

9 (h) This section does not apply to unitary property of
10 regulated railway companies.

11 (i) This section does not apply to property that on July
12 1, 1987, was undeveloped and owned by a utility and
13 located within a city, county, or city and county that
14 adopts a resolution stating that the property is subject to
15 a development plan or agreement and that this section
16 shall not apply to that property, and the city, county, or
17 city and county transmits a copy of that resolution,
18 including a legal description of the property, to the State
19 Board of Equalization and the county's auditor-controller
20 prior to January 1, 1988.

21 (j) (1) For property that on July 1, 1990, was
22 undeveloped and owned by a utility and that is located
23 within a city, county, or city and county that adopts a
24 resolution stating that the property is subject to a
25 development plan or agreement and that this subdivision
26 applies to that property, and the city, county, or city and
27 county transmits a copy of that resolution, including a
28 legal description of the property, to the county auditor
29 prior to August 1, 1991, the allocation of property tax
30 revenues derived with respect to that property pursuant
31 to Sections 96.1, 96.2, 97.31, 98, 98.01, and 98.04, shall be
32 subject to the allocation required by paragraph (2).

33 (2) The county auditor shall annually allocate to a city,
34 county, or city and county, that has adopted and
35 transmitted a resolution pursuant to paragraph (1), the
36 amount of property tax revenues derived with respect to
37 the property described in paragraph (1) that would be
38 allocated to that city, county, or city and county if that
39 property were subject to assessment by the county
40 assessor. In order to provide the allocations required by

this paragraph, the county auditor shall make any necessary pro rata reductions in allocations to local agencies other than that city, county, or city and county adopting and transmitting a resolution pursuant to paragraph (1), of property tax revenues derived with respect to the property described in paragraph (1).

(k) (1) For property subject to this section that is owned by a utility that serves no more than two counties and is located within a city, county, or city and county that adopts a resolution stating that the property is subject to a development plan or agreement for new construction and the city, county, or city and county transmits a copy of that resolution, including a legal description of the property, to the State Board of Equalization and the county auditor prior to January 1, 1995, the allocation of property tax revenues derived with respect to that property pursuant to Sections 96.1, 97.31, 98, 98.01, and 98.04, shall be subject to the requirements of paragraph (2) until December 31, 2004.

(2) If the city, county, or city and county has adopted and transmitted a resolution pursuant to paragraph (1), the county auditor shall annually allocate the property tax revenue attributable to the new construction described in the development plan or agreement, as if that new construction were subject to assessment by the county assessor, according to the following formula:

(A) An amount of property tax revenue to school entities, as defined in subdivision (f) of Section 95, equivalent to the same percentage the school entities received in the prior fiscal year of the property tax revenues paid by the utility in the county in which the property described in paragraph (1) is located.

(B) An amount of property tax revenue to the county in which the property is located equivalent to the same percentage the county received in the prior fiscal year of the property tax revenues paid by the utility in the county in which the property described in paragraph (1) is located. The county shall distribute those property tax revenues to the county general fund, the county library

1 district, the county flood control district, the county
2 sanitation districts, and the county service areas.

3 (C) The property tax revenue remaining after the
4 allocations described in subparagraphs (A) and (B) are
5 made shall be distributed to the city in which the
6 property described in paragraph (1) is located.

7 (3) In order to provide the allocations required by
8 paragraph (2), the county auditor shall make any
9 necessary pro rata reductions in allocations of property
10 taxes attributable to the property specified in paragraph
11 (1) to jurisdictions other than those receiving an
12 allocation under paragraph (2).

13 (4) The allocation required by this subdivision shall
14 not apply to property tax revenues allocated on or after
15 December 31, 2004.

16 SEC. 2. Section 100.02 is added to the Revenue and
17 Taxation Code, to read:

18 100.02. (a) Notwithstanding any other provision of
19 this article, for the 1999–2000 fiscal year and each fiscal
20 year thereafter, those incremental revenues derived in a
21 county from the application of the tax rate specified in
22 paragraph (1) of subdivision (b) of Section 100 to the
23 assessed value of ~~qualified~~ *designated* electrical
24 generation facilities shall be allocated among jurisdictions
25 in the county ~~in the manner specified by this chapter for~~
26 ~~ad valorem property tax revenues derived from county~~
27 ~~assessments.~~ *by the county auditor in the same manner*
28 *specified by this chapter for the allocation of ad valorem*
29 *property tax revenues derived from the taxation of*
30 *county-assessed property.*

31 (b) For purposes of this section, the following
32 definitions apply:

33 (1) “Designated electrical generation facility” means
34 an electrical generation facility that has been ~~purchased~~
35 ~~or constructed by a company that sells~~ *purchased, newly*
36 *constructed, or repowered by a company that intends to*
37 *sell* electricity.

38 (2) “Incremental revenues” means both of the
39 following:

1 (A) In the case of a ~~qualified~~ *designated* electrical
2 generation facility that obtained that status by purchase,
3 the excess of the ad valorem property tax revenues
4 derived from the application of the tax rate specified in
5 paragraph (1) of subdivision (b) of Section 100 to the
6 assessed value of that facility over the corresponding
7 amount of ad valorem property tax revenue so derived
8 *from the allocated assessed value of the facility as*
9 *determined by the board* with respect to that facility for
10 the last full assessment year prior to the obtaining
11 purchase. *If a designated electrical generation facility*
12 *was purchased from a public utility, the public utility*
13 *from which that facility was purchased shall, at the*
14 *request of the board, provide the board with the*
15 *information that will assist the board in determining the*
16 *allocated assessed value of that facility.*

17 (B) In the case of any ~~qualified electrical generation~~
18 ~~facility not described in subparagraph (A)~~ *designated*
19 *electrical generation facility that is newly constructed,*
20 the total amount of ad valorem property tax revenues
21 derived from the application of the tax rate specified in
22 paragraph (1) of subdivision (b) of Section 100 to the
23 assessed value of that facility.

24 (c) (1) *For purposes of calculating the amount of*
25 *incremental revenue for a designated electrical*
26 *generation facility that has obtained that status by*
27 *purchase, the board shall furnish the relevant county*
28 *auditor with both of the following:*

29 (A) *The allocated assessed value, by tax rate area, of*
30 *each designated electrical generation facility located in*
31 *that county for the last full assessment year prior to the*
32 *obtaining purchase.*

33 (B) *The allocated assessed value, by tax rate area for*
34 *each designated electrical generation facility located in*
35 *that county, as determined annually by the board.*

36 (2) *For purposes of calculating the incremental*
37 *revenue for a designated electrical generation facility*
38 *that has been newly constructed, the board shall annually*
39 *furnish the relevant county auditor with the allocated*

1 *assessed value, by tax rate area, for each designated*
2 *electrical generation facility located in that county.*

3 SEC. 3. No reimbursement is required by this act
4 pursuant to Section 6 of Article XIII B of the California
5 Constitution because this act provides for offsetting
6 savings to local agencies or school districts that result in
7 no net costs to the local agencies or school districts, within
8 the meaning of Section 17556 of the Government Code.

